

Message Text

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ACTION EB-07

INFO OCT-01 EUR-12 EA-09 ISO-00 SSO-00 NSCE-00 USIE-00

INRE-00 SP-02 AID-05 NSC-05 CIEP-02 SS-15 STR-04

OMB-01 CEA-01 CIAE-00 COME-00 FRB-01 INR-07 NSAE-00

XMB-04 OPIC-06 LAB-04 SIL-01 DODE-00 PA-02 PRS-01

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FM AMEMBASSY ROME

TO SECSTATE WASHDC IMMEDIATE 0294

TREASURY DEPARTMENT WASHDC

INFO AMEMBASSY BONN

USMISSION EC BRUSSELS

AMEMBASSY LONDON

AMEMBASSY MANILA

AMEMBASSY PARIS

USMISSION OECD PARIS

AMCONSUL MILAN

AMCONSUL NAPLES

UNCLAS ROME 16064

C O R R E C T E D C O P Y ADDING EO/TAGS/SUBJ

E.O. 11652: N/A

TAGS: EFIN, IT

SUBJECT: STAMMATI INTERVIEW ON DEPARTURE FOR MANILA MEETING

MANILA PASS SECRETARY SIMON PARTY FOR WIDMAN; STATE PASS FRB;
TREASURY FOR SYVRUD

1. /SUMMARY/. FOLLOWING IS TRANSLATED TEXT OF ITALIAN PRESS
SERVICE (ANSA) INTERVIEW WITH TREASURY MINISTER STAMMATI ON
OCCASION OF HIS DEPARTURE FOR ANNUAL MEETING OF IMF AND IBRD
AT MANILA. END SUMMARY.

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2. QUOTE. MINISTER OF TREASURY STAMMATI AND BANK OF ITALY GOVERNOR BAFFI LEFT TODAY FOR MANILA WHERE THEY WILL PARTICIPATE IN THE WORK OF THE 31ST ANNUAL MEETING OF THE MONETARY FUND AND THE WORLD BANK.

3. BEFORE LEAVING FROM FIUMICINO AIRPORT SENATOR STAMMATI SAID THAT THERE ARE FOUR PRINCIPAL SUBJECTS TO BE DISCUSSED AT MANILA:

(1) THE WORLD ECONOMIC SITUATION AND THE FUNCTIONING OF THE INTERNATIONAL MONETARY SYSTEM, (2) THE FINANCIAL OPERATIONS AND RESOURCES OF THE MONETARY FUND, (3) VERIFICATION OF THE STATUS OF RATIFICATION BY MEMBER GOVERNMENTS OF THE AMENDMENTS TO THE ARTICLES OF AGREEMENT OF THE FUND, AND (4) THE FINANCIAL SITUATION OF DEVELOPING COUNTRIES WHICH RECENTLY HAS BEEN DETERIORATING.

4. THE MINISTER OF TREASURY ADDED THAT, AS CONCERNS THE FIRST GROUP OF QUESTIONS ON THE TABLE WHICH ARE THE MOST IMPORTANT, ESPECIALLY REGARDING THE WORLD ECONOMIC SITUATION, WE CAN UNDOUBTEDLY VIEW WITH SATISFACTION THE RESULTS OBTAINED DURING THE PAST YEAR. HOWEVER, WE CANNOT IGNORE THE FACT THAT THE ROAD AHEAD IS LONG AND REplete WITH OBSTACLES, BEFORE WE CAN VIEW THE FUTURE WITH OPTIMISM. THE INTERNATIONAL PAYMENTS SYSTEM CONTINUES TO GIVE RISE TO SERIOUS CONCERN, CHARACTERIZED AS IT IS BY IMPORTANT DISEQUILIBRIA IN INDUSTRIALIZED COUNTRIES AND BY LARGE CURRENT ACCOUNT DEFICITS IN THE DEVELOPING COUNTRIES AS A GROUP. OBVIOUSLY, THIS PLACES IN JEOPARDY CONTINUATION OF ECONOMIC RECOVERY.

5. AS CONCERNS THE NEW INTERNATIONAL MONETARY SYSTEM STAMMATI SAID THAT IT IS URGENT THAT THE FUND EXERCISE A DECISIVE ROLE IN DEVELOPING A STRATEGY AIMED AT DEALING WITH ADJUSTMENT PROBLEMS.

6. IN ADDITION TO THESE THEMES, THE ITALIAN SITUATION WILL ALSO BE DISCUSSED IN MEETINGS WHICH MINISTER STAMMATI AND GOVERNOR BAFFI WILL HAVE IN MANILA. AS YOU KNOW, THE MINISTER OF TREASURY SAID, AFTER THE SERIES OF TALKS WITH THE UNDER SECRETARY OF THE TREASURY IN ROME WE HAVE CONFIDENCE IN THE WIDESPREAD UNDERSTANDING OF THE SITUATION IN OUR COUNTRY, UNCLASSIFIED

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WHICH WE CONSIDER VITAL, AND IN THE RECOGNITION OF THE DESIRABILITY OF HELPING US IN THE GENERAL INTEREST.

7. BOTH AT BRUSSELS AND AT WASHINGTON QUESTIONS ARE ASKED ABOUT THE STABILIZATION PLAN WHICH ITALY INTENDS TO ADOPT. THIS PLAN IS CONTAINED IN THE FORECAST AND PLANNING REPORT WHICH WILL BE PRESENTED THIS EVENING (SEPTEMBER 30) IN PARLIAMENT. IN THE PLAN ARE OUTLINED THE ECONOMIC POLICY LINES

WHICH THE ANDREOTTI GOVERNMENT INTENDS TO PURSUE WITH THE HELP OF THOSE FORCES IN PARLIAMENT WHICH DO NOT DENY US THEIR SUPPORT.

8. STAMMATI ADDED THAT TOMORROW, IN ACCORDANCE WITH THE DECISIONS OF THE COUNCIL OF MINISTERS, THE INTERMINISTERIAL PRICE COMMITTEE (CIP) WILL MEET TO BEGIN GRADUALLY BUT WITH RAPID EFFECT TO ADOPT MEASURES AIMED AT INCREASING THE PRICES OF SOME GOODS AND TARIFFS ON SOME PUBLIC SERVICES. THESE ARE MEASURES WHICH SHOULD HELP TO GIVE US THE POSSIBILITY OF OPENING UP THE ROAD TO RESTORATION OF ECONOMIC EQUILIBRIUM AND TO GIVE OUR INTERNATIONAL PARTNERS PROOF OF OUR GOOD INTENTIONS.

9. CONCERNING THE POSSIBILITY OF OBTAINING FROM THE INTERNATIONAL MONETARY FUND A STANDBY CREDIT OF OVER 500 MILLION DOLLARS, STAMMATI SAID THAT THE ECONOMIC STABILIZATION POLICY UNDERTAKEN BY THE GOVERNMENT IS A PRECONDITION AND HE DID NOT EXCLUDE THAT THE CREDIT COULD BE OF A LARGER AMOUNT. GOVERNOR OF THE BANK OF ITALY BAFFI, WHO WAS ALSO PRESENT AT THE MEETING WITH JOURNALISTS, OBSERVED IN THIS CONNECTION THAT THE ARTICLES OF AGREEMENT OF THE FUND PROVIDE THE POSSIBILITY OF A LARGER CREDIT IN PARTICULARLY SERIOUS CASES. END QUOTE.VOLPE

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